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| **TEXAS CTE LESSON PLAN**[www.txcte.org](http://www.txcte.org) |
| **Lesson Identification and TEKS Addressed** |
| **Career Cluster** | Marketing |
| **Course Name** | Entrepreneurship |
| **Lesson/Unit Title** | What Affects Price? |
| **TEKS Student Expectations** | **130.384. (c) Knowledge and Skills**(9) The student knows the effects of credit on price and profit (A) The student is expected to develop and analyze pricing objectives(B) The student is expected to compare and contrast pricing policies for an entrepreneurial venture(C) The student is expected to recommend appropriate pricing strategies(12) The student knows the importance of managing the pricing structure (A) The student is expected to communicate the differences among pricing structures for goods, services, and ideas(B) The student is expected to develop a pricing structure for an entrepreneurial venture |
| **Basic Direct Teach Lesson**(Includes Special Education Modifications/Accommodations and one English Language Proficiency Standards (ELPS) Strategy) |
| **Instructional Objectives** | The students will be able to:* Explain how supply and demand interact to determine price.
* Describe how costs of doing business affects the price of a good or service.
* Explain the effect of different market structures on price.
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| **Rationale** | Students need to understand the concept of pricing structures for goods, services, and ideas, in order to be prepared for the workforce. |
| **Duration of Lesson** | 1 Class Period |
| **Word Wall/Key Vocabulary***(ELPS c1a,c,f; c2b; c3a,b,d; c4c; c5b) PDAS II(5)* | * Supply – How much of a good or service a producer is willing to produce at different prices
* Demand – Individual’s need or desire for a product or service at a given price
* Equilibrium price and quantity – The point at which the supply and demand curves meet
* Fixed costs – Costs that must be paid regardless of how much of a good or service is produced
* Variable costs – Costs that go up and down depending on the quantity of the good or service produced
* Marginal benefit – Measures the advantages of producing one additional unit of a good or service
* Marginal cost – Measures the disadvantages of
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| **Materials/Specialized Equipment Needed** | * “What Affects Price?” Digital Presentation
* Results of Business Competition in a Small Community Assignment #1
* Wal-Mart Comes to Town Assignment #2
* International Issues Persuasive Report Assignment #3
* Results of Business Competition in a Small Community Rubric
* Wal-Mart Comes to Town Rubric
* International Issues Persuasive Rubric
* What Affects Price? Assignment Sheet
* Internet
* Construction paper
* Scissors and glue
* Poster board
* Computers for students to complete projects
* Projector for digital presentation
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| **Anticipatory Set**(May include pre-assessment for prior knowledge) | Learner Preparation* Ask students to write examples of products and services that have experienced great price increases in the past two years. Then ask students what factors contributed to the rising prices.
* Ask students to give examples of products and services in high demand. Then ask students how prices are determined for highly demanded products and services.
* Explain to students how monopolies work then ask students why the U.S. government is against monopolies.

Lesson Introduction* Play SPUD to learn new terms. Split the class into seven teams. One member from the team draws a new term from the list in this lesson. The team member pronounces the term. A second team member spells the word or phrase. A third team member defines the term or phrase and the fourth team member uses the term in a sentence demonstrating that they know the definition of the term.
* Ask students to give an example of when the shopping mall was crowded and busy. Then ask students when the mall is not very busy (weekday). Explain to students that businesses must still pay for employees, rent, and utilities even on the days when very few customers come through the doors.
* Ask students to list their favorite foods at a college or professional sporting event. Then ask students how much they are willing to pay for the food once they are in the stadium or arena. Discuss how demand and distribution are major factors that contribute to increased food prices at sporting events.
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| **Direct Instruction \*** | 1. Supply and Demand
	1. Supply – How much of a good or service a producer is willing to produce at different prices
		1. When prices rise, producers are willing to supply more
		2. Lower prices result in less desire to supply
	2. Demand – An individual’s need or desire for a product or service at a given price
		1. Demand Elasticity – When the demand of a product is affected by its price
		2. Elastic Demand – When a change in price creates a change in demand
		3. Inelastic Demand – When a change in price creates very little change in demand
			1. No acceptable substitutes for a product that consumers need
			2. Change in price is small in relation to the income of the consumer, so consumers will continue to buy the product if they want it
			3. Product is a basic need for consumers, rather than just a want
	3. When Supply and Demand curves meet – Equilibrium Price and Quantity

TEACHER NOTE: Ask students to give examples of products consumers continue buying even when prices continue rising. Is this an example of inelastic or elastic demand?Fresh, baked cookies are sold by your DECA chapter on Tuesdays in the cafeteria. You have raised the prices from $1 to $1.50 and students still purchase the same quantity. What type of demand is represented by this trend?II. Costs of Doing Business* 1. Fixed Costs – Costs that must be paid no matter how much of a good or service is produced
	2. Variable Costs – Costs that go up and down depending on the quantity of the good or service produced
	3. Marginal Benefit and Marginal Cost
		1. Marginal Benefit – measures the advantages of producing one additional unit of a good or service
			1. Marginal Cost – measures the disadvantages of producing one additional unit of a good or service

TEACHER NOTE: Ask students to give three examples of fixed costs for businesses. Examples may include rent, utilities, and employee wages.Then ask students to give examples of variable costs. Examples may include advertising, inventory, and cleaning services for the store.Ask students the marginal benefit of purchasing a soda that costs $1.1. Market Structure and Prices
	* 1. Perfect Competition – Consists of a very large number of businesses producing nearly identical products; has many buyers
	1. Monopolistic Competition – Large number of independent businesses that produce goods and services that are somewhat different
		1. Oligopoly – When a market is dominated by a small number of businesses that gain most of total sales revenue
		2. Monopoly – There is only one provider of a product or service

TEACHER NOTE: Ask students to give examples of perfect competition, monopolistic competition, oligopoly, and monopoly.Examples for each category may include farmers market for perfect competition, restaurants for monopolistic competition, Internet providers for oligopoly, and water companies for monopoly.Explain how small communities sometimes have fewer competing businesses, which sometimes results in higher prices. A monopoly may exist when there is only one grocery store in the community.*Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*None |
| **Guided Practice \*** | Using the digital presentation**,** the instructor will explain how prices are determined. Basic economic concepts and costs of doing business will be related to the final price charged for goods and services. Students will learn the difference between perfect competition, monopolistic competition, oligopoly, and monopoly.*Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*None |
| **Independent Practice/Laboratory Experience/Differentiated Activities \*** | Results of Business Competition in a Small Community AssignmentMany small communities only have one grocery store. Some of these small communities now also have a convenience store associated with a service station. The convenience store carries a limited number of grocery items for very high prices. Students must explain to the class how the community changes dramatically when a large supermarket comes to town. The monopoly or oligopoly business atmosphere drastically changes when a major corporation that has huge buying power can offer a wide range of items for very reasonable prices. Ask students to research a large supermarket company and to prepare a report about the company’s commitment to the community and changes that take place when large supermarkets come to town.Large Supermarket Retailer Comes to Town AssignmentAsk students to make an oral presentation for a large supermarket retailer to the class. The presentation must convince students that allowing the retail giant into the community is good for consumers and the community. The presentation must also address how Wal-Mart’s presence in the community affects local small businesses. Students’ presentations must include an introduction, body, and conclusion.International Issues Persuasive Presentation AssignmentInternational business in the United States involves some controversial issues. A sizable portion of the workforce for construction, food processing, and agricultural businesses comes from people who are here in the U.S. without a work permit. Businesses that hire these workers, save large sums of money because they can pay lower wages and deny expensive benefits. Employers are required by law to only hire people with legal working status. Ask students to research the struggles facing an open border between U.S. and Mexico and prepare a paper that defines the major issues, supports their position on the issues, and explains how their actions may affect the U.S. economy. This project will be evaluated using the related rubric.*Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*None |
| **Lesson Closure** | 1. What effect do supply and demand have on the price of a good or service?
2. High supply with low demand equals low price; high demand with low supply equals high price.
3. How do the costs of operating a business affect prices?
4. Costs of doing business are reflected in the prices charged since businesses must charge more than their costs to make a profit.
5. How does the market structure affect the price of a good or service?
6. Market structures with a greater amount of competition tend to have lower prices.
7. When does oligopoly occur?
8. Oligopoly occurs when the market is dominated by a small number of businesses that gain most of total sales revenue.

Name that CompetitionGroup students into teams of two. Each team writes four scenarios that represent perfect competition, monopolistic competition, oligopoly, and monopoly. The scenarios will be read in class and students must decide what type of competition is being described. |
| **Summative/End of Lesson Assessment \***  | Use the assigned rubrics to evaluate the three Independent Practice Assignments.*Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*None |
| **References/Resources/****Teacher Preparation** | Preparation* Review and familiarize yourself with the terminology and resources
* Prepare materials and websites prior to the start of the lesson

References* Greene, C. L. (2008). *Entrepreneurship ideas in action* (4th ed). Mason, OH: Southwestern Cengage.
* Kourilsky, M. (1999). *Making a job: A basic guide to entrepreneurship readiness.* Kansas City, MO: Kauffman Foundation for Entrepreneurial Leadership.
* Newspapers and Internet
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| **Additional Required Components** |
| **English Language Proficiency Standards (ELPS) Strategies** |  |
| **College and Career Readiness Connection[[1]](#footnote-1)** |  |
| **Recommended Strategies** |
| **Reading Strategies** |  |
| **Quotes** |  |
| **Multimedia/Visual Strategy****Presentation Slides + One Additional Technology Connection** |  |
| **Graphic Organizers/Handout** |  |
| **Writing Strategies****Journal Entries + 1 Additional Writing Strategy** |  |
| **Communication****90 Second Speech Topics** |  |
| **Other Essential Lesson Components** |
| **Enrichment Activity**(e.g., homework assignment) | Students analyze the current banking industry to write a paper about bank acquisitions by one or two large competing banks in the United States. Students must explain why the bank acquisitions are taking place and why it is important not to have only a handful of banks owning all the financial institutions in the United States. Students will present their information to the class.Students will define the type of competition in the school cafeteria. Part of the assignment requires students to propose competition changes for the cafeteria to provide better products and services to students and staff. |
| **Family/Community Connection** |  |
| **CTSO connection(s)** | DECA |
| **Service Learning Projects** |  |
| **Lesson Notes** |  |

1. Visit the Texas College and Career Readiness Standards at <http://www.thecb.state.tx.us/collegereadiness/CRS.pdf>, Texas Higher Education Coordinating Board (THECB), 2009. [↑](#footnote-ref-1)